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June 24, 2008

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**"Having lived in a small town my whole life, I understand firsthand the unique challenges that people in rural communities face in accessing much-needed healthcare services," said Rep. Melancon. "As a member of the Rural Health Care Coalition, I have worked in Congress to meet healthcare needs in rural Louisiana through increased federal funding and support, so our small towns and communities can stay healthy and thrive. This bill will go far to improve the health of millions of rural Medicare beneficiaries, and I urge the Senate to pass it swiftly."**

MIPPA is a comprehensive piece of legislation that makes a number of improvements to Medicare that will help rural healthcare providers address the challenges associated with delivering quality healthcare close to home in rural communities. The \$3.2 billion rural healthcare package includes extensions of current rural Medicare payment policies as well as a number of expansions. The bill also authorizes funding for a federal grant program to help states provide health services, including mental health services, to veterans of the wars in Iraq and Afghanistan who live in rural areas.

In addition, the bill also prevents a scheduled 10.6% cut in payments to physicians treating Medicare patients from going into effect. The measure freezes current payment rates for 18 months and provides for a 1.1% increase in 2009. Preventing this pay cut will allow patients to continue visiting the doctors they trust without worrying that their health care providers will not accept Medicare.

The rural healthcare provisions of the Medicare Improvements for Patients and Providers Act include the following:

- **Improves Payments for Sole Community and Critical Access Hospitals.** The bill includes provisions that require the Centers for Medicare and Medicaid Services to use updated data when setting reimbursement rates for sole community hospitals. This will mean, in most cases, an increase in payments to these facilities. The bill also directly increases payments for critical access hospitals, particularly for critical lab services such as blood testing and other diagnostic services.
  
- **Extends FLEX Grants for Health Care in Rural Communities.** The Medicare Rural Hospital Flexibility Program provides grants that rural health care providers can use to improve the quality of care facilities provide, and to strengthen healthcare networks. Funds can be used for services ranging from ambulance transport to the development of small local hospitals. This bill will extend the FLEX Grant program through 2010, and will add a new component making mental health services more accessible to rural veterans and rural residents.
  
- **Improves Access to Ambulance Services.** The legislation increases Medicare payments for ground ambulance services in rural areas by 3 percent, and recognizes the importance of ambulance services to urban seniors with a two percent increase. The bill also protects rural air ambulance providers by requiring more consideration of a physician's recommendation for air ambulance services when Medicare seeks justification for the expense, and by stopping payment cuts to rural providers that have been reclassified as urban air ambulance providers.
  
- **Extends Expiring Rural Provisions.** The Medicare Modernization Act of 2003 created a number of provisions benefiting rural providers, several of which are expiring this year. The bill passed by the House today would extend:
  - **Payments for Rural Physicians.** Prior to 2003, the Medicare reimbursement formula penalized doctors for practicing in rural areas by paying them less for their work, even though they have the same training as their urban counterparts. MIPPA extends for 18 months a provision that sets a "floor," or minimum payment adjustment, for payments for physicians' work.
  
  - **Special Treatment of Certain Physician Pathology Services.** Many rural hospitals do not have their own laboratories. Congress has allowed independent labs to bill Medicare directly for the physician pathology services they provide to hospitals, if the hospital was using such a lab prior to the issuance of a particular physician payment rule by the Centers for Medicare and Medicaid Services in November 1999. MIPPA would extend this allowance for direct Medicare

billing by independent labs, ensuring that rural hospitals can continue to work with the labs to provide health analysis and care.

- **Exceptions Process for Therapy Caps.** Medicare sets caps for total expenditures on physical, occupational and speech-language therapies in order to control costs. Some patients, however, legitimately need more therapy than is allowed under the cap. MIPPA extends an exceptions process for the therapy caps through 2009, ensuring providers are properly paid when they give seniors the therapy they need.

- **Improves Access to Speech-Language Pathology Services.** H.R. 6331 allows for speech language pathologists in private practice to bill Medicare directly for their services rather than through a doctor's office, making it easier for speech language pathologists to be paid, and to continue delivering services to seniors in rural areas where doctors may be scarce.

- **Improves Access to Tele-health Services.** When medical facilities are few and far between, and fewer providers serve a larger region, tele-medicine can bring faraway resources close to rural seniors in need. MIPPA will make tele-health services to seniors available through Medicare at more types of health facilities, including hospital-based renal dialysis facilities, skilled nursing facilities, and community mental health centers.

- **Retains Access to Medicare Advantage.** The vast majority of rural beneficiaries continue to receive care under the traditional Medicare Fee-For-Service program. Only 6 percent of rural beneficiaries join Medicare Advantage, most of who have joined private fee-for-service plans (PFFS). While MIPPA requires that PFFS plans in counties with several plan choices must create provider networks, PFFS plans in rural areas without other plan options can continue to operate as they do today.

Rep. Melancon continued, **"From improving health care access for veterans to extending grant programs that benefit rural health care facilities, the Medicare Improvements for Patients & Providers Act will address many of the health care challenges rural communities face. I will continue working with my colleagues in the Rural Health Care Coalition on this and other legislation that will help make our rural communities healthier places to live."**

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